

CALIFORNIA CITIZENS COMPENSATION COMMISSION

ORIGINAL

TRANSCRIPTION OF RECORDED HEARING AT
CITY HALL, 915 I STREET, SACRAMENTO, CALIFORNIA
HELD ON JUNE 30, 2009

TRANSCRIBED BY: DONNA K. NICHOLS, RPR, CSR NO. 5660



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1 CHARLES MURRAY: I apologize. I have a slow watch.
2 So we'll speed things up a little bit.

3 The first order of business, Debbie Baldwin, would
4 you please call the roll and see that we have a quorum.

5 DEBBIE BALDWIN: Charles Murray.

6 CHARLES MURRAY: Here.

7 DEBBIE BALDWIN: Kathy Sands.

8 KATHY SANDS: Here.

9 DEBBIE BALDWIN: Ruth Lopez Novodor.

10 RUTH LOPEZ NOVODOR: Here.

11 DEBBIE BALDWIN: William Feyling. William Feyling.
12 John Stites.

13 JOHN STITES: Here.

14 DEBBIE BALDWIN: Scott Somers.

15 SCOTT SOMERS: Here.

16 DEBBIE BALDWIN: You have a quorum.

17 CHARLES MURRAY: Thank you very much.

18 First off I'd like to thank Debbie Baldwin for all of
19 her work she's done. This has been unusual times, to say
20 the least. We are in a -- a budget crisis. As you know by
21 lengthy meetings for the past week it is trying to be
22 solved, and we have a job to do to do our part to solve the
23 budget problem.

24 We have a scope of items that we are going to
25 address. And the concern that I have which -- which we're

1 going to look at is just to get together, and what -- what
2 we've done is we've looked at the benefits, looked at the
3 fringe benefits, looked at the salary. And every -- every
4 member up here has taken ownership of -- of -- of one of
5 those and have done the research and have concluded with
6 what we should -- should do today.

7 So what I'd like to do is just ask Debbie, since I
8 can't find my program, what is next on -- on the agenda.

9 DEBBIE BALDWIN: (Unintelligible) if we have any
10 speakers, that would (unintelligible).

11 CHARLES MURRAY: Do we have any speakers?

12 DEBBIE BALDWIN: None. No speakers.

13 CHARLES MURRAY: No speakers, okay.

14 The next would be to -- oh, to approve the minutes of
15 the last meeting.

16 KATHY SANDS: I'll move approval of the minutes of
17 what was the -- what was the date?

18 CHARLES MURRAY: May.

19 FEMALE VOICE: May 20th, 2009.

20 CHARLES MURRAY: Do I hear a second?

21 JOHN STITES: Yeah, with one minor correction.

22 CHARLES MURRAY: Okay.

23 JOHN STITES: And that was on page 51, line 20.

24 There's a -- basically saying John Stites had a conversation
25 there. But I believe actually that's --

1 DEBBIE BALDWIN: Okay. Page 51?

2 JOHN STITES: Yeah, line 20. But other than that
3 I'll second it.

4 CHARLES MURRAY: Okay. Can I have a call.
5 All in favor?

6 (Multiple voices saying aye).

7 CHARLES MURRAY: Opposed.

8 It's passed.

9 Now it comes back to us. And let me give you a
10 little background, or expand on the background I've
11 already -- already given you.

12 We talked last meeting about a -- a salary cut.
13 Eighteen percent is the number we came up with. We set up
14 this meeting to talk about the benefits.

15 Now, there was a lot of discussion, a lot of -- a lot
16 of legal opinions going back and forth and saying what are
17 the benefits we have control over, what we couldn't have
18 control over. A lot of opinions came back and said that
19 we -- it went from the realm that we have control over
20 benefits to the realm that we have control over only insured
21 benefits.

22 I personally did some of the research and went
23 through Proposition 112. I have consulted with four
24 different lawyers, one judge as far as how we will go ahead
25 to -- to determine what is our scope.

1 Having said that, the -- one of the lawyers referred
2 me to the senator that was the drafter of Proposition 112.
3 I had a long conversation with him. He referred me to the
4 Loyola Law Library which maintains all the records and the
5 background status of how the bill was -- was developed.

6 I haven't had a chance to go there, but he did
7 impress upon me is when you have a dispute and the
8 legislation and the scope of the bill or the proposition,
9 you look for the legislative history. And those are key
10 words. That is, what did the drafters of the proposition
11 have in mind when they developed the proposition.

12 So one of -- one of the lawyers referred me to a law
13 school, UC -- I have it here in my notes somewhere. But
14 we -- we went to their Web site there, a repository for all
15 the state bills in San Francisco.

16 Bill, would -- would you have that?

17 WILLIAM CURTIS: Hastings.

18 CHARLES MURRAY: Hastings. UC Hastings.

19 Went to their Web site, did a -- a research on it,
20 and after spending a few hours honed in on a -- a
21 legislative -- legislative analysis that said our commission
22 is to determine salaries and fringe benefits. Okay. Fringe
23 benefits is a key word. The Websters define fringe benefits
24 as salary plus all -- any benefits including car, excluding
25 expense accounts, including vacation days, sick days, on and

1 on and on.

2 So our conclusion of this commission is that our
3 scope does include the fringe benefits and the benefit area.
4 So where we are right now, we have our commissioners up
5 here, each one has had an assignment to explore the per
6 diem, to explore the salaries, to explore the insured
7 benefits and explore the auto.

8 And so what I'd like to do now is just turn the
9 microphone over to John Stites who has explored the auto,
10 researched it, and he is going to give our commission a
11 recommendation.

12 John.

13 JOHN STITES: Well, basically the legislative members
14 are offered a vehicle. And the allowance, depending on
15 which house they're in, whether they're in the senate or the
16 assembly, determines what allowance they receive. It's \$350
17 right now for the senate and 400 for the assembly.

18 The vehicle is leased through either the Assembly
19 Rules Committee or the Senate Rules Committee and provided
20 to that member, and then supposedly he pays ten percent of
21 that cost, of that leased cost. Or 90 percent -- 90 percent
22 is paid by the money provided, and ten percent by the
23 member. Or if it's in excess of \$400, they will pick up
24 that themselves.

25 So you have some people out there that have cars that

1 are worth 54, \$55,000, and then you have some that went on
2 the lower end to even to have purchased a -- vehicles that
3 were less than \$10,000 that were used.

4 And, now, I'm not sure what happens to that money
5 afterwards. If the -- if the -- if they're being provided
6 with \$350, say, and they purchased a vehicle that's much
7 cheaper, do they keep and retain the money as -- as
8 compensation and only pay as like a \$100 fee, or does that
9 go back? I haven't -- haven't been able to determine that.

10 But basically that's the way the rule is. There are
11 some people in the legislature that have declined the
12 vehicle. And that's not necessarily because they live
13 totally in the Sacramento area. The two that pop into my
14 mind are Senator Gloria Romero down south and also -- from
15 the senate, and Anthony Portantino declined the use of one.
16 But they do use gas. And that's -- they're supplied with a
17 gas card. They're supplied with a -- a maintenance -- and
18 as far as I can determine, there's no cap on that, no
19 allowance. No -- there's no cap on it at all.

20 So they're going to -- if they -- whatever fuel they
21 need and it's related to legislative business, they have all
22 the fuel they need. And as far as maintenance costs,
23 depending on the vehicles for tuneups and the like, that is
24 also a -- given to them.

25 Now, as far as I can tell, of that, that is all

1 compensation. It's compensation in kind, it's part of the
2 fringe benefits package. And again, to reemphasize what our
3 chairman has said, we believe that -- because it is
4 compensable that it is also within our purview to determine
5 whether or not it stays the same or is reduced, or maybe
6 even raised.

7 And at this point my recommendation would be is that
8 there's an 18 percent reduction in the vehicle allowances
9 for the senate and the assembly.

10 And as far as the fuel costs, we can't -- in my mind,
11 unless one of my colleagues sees something, we can't
12 determine that or ask for a reduction or the payment on that
13 or also in the maintenance costs because they're just kind
14 of -- they happen when they happen. Some are periodic,
15 sometimes your car breaks down. There's no way you can go
16 with that. That's basically my report, Mr. Murray.

17 CHARLES MURRAY: Okay. I thank you.

18 Do we have any -- any discussion by any of the -- the
19 commission members?

20 RUTH LOPEZ NOVODOR: I -- I apologize. I didn't hear
21 the final recommendation. I apologize.

22 JOHN STITES: Eighteen percent reduction in the car
23 allowance for both the senate and the assembly.

24 CHARLES MURRAY: Which is 350 to four?

25 JOHN STITES: 350 -- 350 to 400 depending on which --

1 CHARLES MURRAY: Okay.

2 JOHN STITES: -- side of the court they're on.

3 CHARLES MURRAY: Okay. Okay. So it -- it would be a
4 reduction of -- of the \$70 to \$100 per month? Is that
5 correct? Okay.

6 RUTH LOPEZ NOVODOR: Thank you.

7 CHARLES MURRAY: Is that okay, Ruth? Okay.

8 SCOTT SOMERS: I have one question.

9 CHARLES MURRAY: Certainly. Scott.

10 SCOTT SOMERS: What is the car allowance arrangement
11 for the constitutional officers, the governor, the --

12 JOHN STITES: The only thing I could figure is that
13 they're provided with a car. And that comes from the
14 carpool. What that is, no knowledge. They're just flat
15 provided with a vehicle.

16 CHARLES MURRAY: If -- if I could throw out -- throw
17 out a lifeline to Gus.

18 Gus, would you know what the cars are -- are provided
19 are the pool cars that are provided to the governor and the
20 insurance commissioner and attorney general?

21 GUS DEMAS: I'm afraid I don't know --

22 CHARLES MURRAY: Okay.

23 GUS DEMAS: -- the answer to your question. But the
24 governor I believe is driven in a CHP vehicle as to
25 the . . .

1 CHARLES MURRAY: Okay. But -- but you don't know
2 about the other offices?

3 GUS DEMAS: I don't know about the other offices.

4 CHARLES MURRAY: Okay. I thank you. Okay.

5 So if there is a car allowance for those offices, it
6 would be -- it would -- you would -- you would have that
7 reduced also?

8 JOHN STITES: Yes.

9 CHARLES MURRAY: Okay. Okay.

10 Any other comments? Okay.

11 Because of the statute in place, what I'd like to do
12 is hold off any resolution per issue and combine them all
13 into one at the end.

14 Is -- is that okay counsel?

15 WILLIAM CURTIS: That would be permissible.

16 CHARLES MURRAY: Okay, thank you.

17 I thank you, John. Great job.

18 Scott Somers had -- had volunteered. He's the
19 compensation seat, and he had volunteered to look at all of
20 the insured benefits.

21 And Scott, could I turn the microphone to you, and
22 could you comment.

23 SCOTT SOMERS: I would be happy to.

24 Mr. Chairman, in the last 12 to 24 months
25 organizations around the country, including government

1 bodies, for profits and not for profits have had to make
2 difficult choices regarding costs, as we all know. We are
3 seeing a general trend to cut costs including benefit costs
4 by either eliminating benefits or reducing their cost by
5 passing more of the cost on to the employee.

6 As difficult as this is, I believe the state has no
7 choice but to make some of these same changes. This
8 recommendation, by the way -- and I want to thank the
9 Department of Personnel Administration. Debbie Baldwin, of
10 course, has been very help to us, and Ralph Cobb who is the
11 benefits policy advisor for the Department of Personnel has
12 been helpful in providing information.

13 But my recommendation and ultimately motion here is
14 borne out by discussions that I personally have also had in
15 the past six weeks with benefit compensation advisors from
16 major national firms, with executive compensation
17 consultants through analyses of -- of benefits, databases
18 and information furnished by the Department of Personnel as
19 well as through my own experiences in the last year.

20 Therefore, with regard to the benefit categories for
21 legislative and constitutional officers as they apply,
22 including health, dental, vision, long-term disability, life
23 insurance, the Employee Assistance Program, legal services,
24 flexible benefits, long-term care, deferred compensation,
25 optional benefits and pension benefits for constitutional

1 officers, I make a motion to decrease state funding
2 contributions to each category now receiving state funding
3 by the amount of 18 percent. For all benefit categories not
4 now receiving state funding this motion includes making no
5 change.

6 I want to also add that in im -- implementing this it
7 is the intention of this to reduce costs to the state.
8 The -- there is no efforts here, and it is not intended
9 to -- to act as any kind of punitive aspect to legislative
10 members or constitutional officers. But as you -- and I've
11 looked very hard at each of these categories and the amount
12 that the state is contributing to each of these.

13 In some cases the state contributes a significant
14 portion. In some cases the state contributes all of the
15 amount. In some cases the state contributes nothing. And
16 it is -- it is my belief in -- in looking at the analysis
17 and of what other organizations are doing -- excuse me,
18 doing, and clearly trends in -- in the compensation and
19 benefits industry, that this is an appropriate
20 recommendation.

21 If we were to do that based on rough estimates of
22 savings -- because the state ultimately may decide to alter
23 some of these programs. So this is not an 18 percent
24 reduction on top of changes that the state might make, I
25 want to make that clear. It is 18 percent reduction of --

1 upon what the state is actually paying for these categories
2 this year. If -- if the state, in fact, negotiates
3 different rates, reduced benefits, et cetera, regardless of
4 how it's done, and that's the way it's done in the benefits
5 world, the -- the idea here is to reduce costs by 18
6 percent.

7 If -- if we do that with rough -- rough estimates of
8 the costs here, the state would save approximately 475,000
9 each year or about 2.8, almost \$3 million. And that's a
10 rough estimate depending upon -- over a six-year period of
11 time depending upon the elected -- the elected choices that
12 each of the representatives and/or constitutional officers
13 might make.

14 That's my recommendation, Mr. Chairman.

15 CHARLES MURRAY: Thank you very much.

16 Do we have any -- any discussion? Do we have -- have
17 any discussion from the panel members?

18 RUTH LOPEZ NOVODOR: Yes, I guess --

19 KATHY SANDS: Yeah, I do.

20 So if we're going to reduce the amount that the state
21 pays, then that means that the legislative officers have to
22 make up the difference?

23 SCOTT SOMERS: That's right, unless you negotiate a
24 different plan. Part -- part of the effort here is to -- is
25 to make -- this is a -- a multi-sided effort to reduce

1 costs. And -- and that's what -- what all organizations --
2 or most organizations do when they look at benefits.

3 Again, it's not designed to sort of say, okay, we're
4 automatically shifting the cost to -- to employees. It
5 might very well be that the decision to reduce the
6 contribution from the state will trigger a desire to reduce
7 the benefit or enter into another program --

8 KATHY SANDS: Right, right.

9 SCOTT SOMERS: -- or something else that is a
10 reduction.

11 If -- if everything is kept the same and there are no
12 increases in those costs, then, yes, that's -- that's the
13 effect, it would be shifted to the employee.

14 KATHY SANDS: I see. It could be quite a bit. It
15 could be -- how much -- did -- did you say that the -- the
16 whole reduction would be \$475,000 --

17 SCOTT SOMERS: If -- you know, making --

18 KATHY SANDS: -- a year?

19 SCOTT SOMERS: -- making certain assumptions about
20 how many are families, how many -- depending on -- and I
21 don't have that information as to how many people are taking
22 what kinds of benefits.

23 KATHY SANDS: Well, say if we have 120 officers. Is
24 that about right, 120?

25 SCOTT SOMERS: Right, plus 12 constitutional

1 officers.

2 KATHY SANDS: Yeah, so . . .

3 SCOTT SOMERS: So 132.

4 KATHY SANDS: Yeah. So if you just took that and
5 divided it into 475,000, that --

6 SCOTT SOMERS: Right, you come up with roughly
7 \$300 --

8 KATHY SANDS: Yeah, \$300.

9 SCOTT SOMERS: -- per person.

10 KATHY SANDS: Yeah, okay. All right, that's what I
11 wanted to hear. Thank you.

12 SCOTT SOMERS: You're welcome.

13 CHARLES MURRAY: All right. Do we have any other
14 comments? Okay.

15 As with the auto, I will withhold having a -- a
16 combined motion until the end of the session. Okay.

17 I have asked Ruth to -- excuse me. I asked Kathy to
18 look upon the -- the per diem issue. The per diem is
19 obviously what an assemblyman or a senator gets for -- for
20 coming to work in the morning. So I will --

21 Given that lead in, it's yours, Kathy.

22 KATHY SANDS: Yeah, that's -- that's interesting.
23 Well, yeah, I'm happy to talk about the per diem and the
24 research that I've done.

25 The -- 175 -- or \$173 per diem is paid to members of

1 the legislature for -- and it -- it is supposed to be for
2 lodging, food and expenses during legislative sessions.

3 For example, in 2008 the assembly met for 213 days
4 and the senate met for 234 days. So when you multiply this
5 out -- plus we have charts on it. These assemblymen and the
6 senators are getting tax free yearly per diems of about
7 \$37,000 plus or minus per year. And I feel this is a lot of
8 money.

9 I've been either an appointed or an elected official
10 in Auburn for, you know, 12 years. You know, I haven't been
11 for a while. But I have a lot of people who've talked to me
12 about the issues that we've been talking about. And they're
13 supportive. And then they feel that this per diem is a lot
14 of money.

15 There are -- are a number of our legislative officers
16 who are living within a 50-mile radius of the capital. They
17 live within 50 miles of the capital. They're still
18 receiving the per diem. They do pay federal income tax on
19 it. But even if they pay federal income tax, you know, what
20 are they really using this per diem for except maybe, you
21 know, a couple meals. So it's still really a pretty good
22 deal for them.

23 I understand the per diem is the same as -- the per
24 diem that our legislative people receive is the same as a
25 federal employee receives for out-of-town -- out-of-town

1 travel. But I know that those federal employees have to
2 fill out the normal expense forms like, you know, you do in
3 any business. You fill out your travel expense forms to
4 justify and verify how much money you really spent and what
5 was really incurred on -- during an employee's stay in
6 Sacramento or wherever they go and do business.

7 Our assemblymen and the senators don't have to do
8 this. They don't have to fill out expense forms to verify
9 or justify anything. They get their \$173 per diem with no
10 real verification of what they spent it for. They just get
11 it. And, you know, I say they just get it, but they do.
12 And it's -- it's per a provision in the California
13 Constitution.

14 I feel you can get a hotel room, have breakfast,
15 lunch and dinner for less than \$173 a day. The air fare is
16 covered from other funds, so the \$173 a day wouldn't include
17 air fare if they have to fly to Sacramento from another
18 jurisdiction.

19 All the electeds have a -- a good salary, I feel.
20 They make from \$116,000 to over \$200,000 a year. Plus when
21 you look at the expense charts, and they're out there on the
22 table, a lot of money is spent on expense items for the
23 assembly and the senate.

24 The assemblies, if you just look at those, they have
25 a line for staff salary, travel and per diem in state,

1 travel and per diem out of state, staff travel, car lease,
2 car maintenance, gas and oil, car rental and -- for staff
3 and members, a district office maintenance and utilities for
4 their district offices, telephone, freight, postage,
5 communications. These all have large expense items on -- on
6 these lists. Furniture and equipment, office supplies,
7 prescriptions and publications. Miscellaneous services is
8 a -- is a big item.

9 The total expenses for these elected is two, three,
10 \$400,000 a year. And that's a lot of money, I feel. Plus
11 the per diems that we're talking about. That's what I'm
12 talking about is the per diems. But when you look at all
13 these other expenses too, I think it all adds up to what the
14 taxpayers are really paying.

15 The 37,000 plus or minus -- and then plus there's a
16 lot of money in the senate operating budget that you can see
17 out there. They have pretty much the same expenses.

18 I appreciate -- I do appreciate the hard work that
19 the electeds do for us. I know a number of them kind of
20 personally from my area. I know that they anguish over
21 things. You know, we appreciate that, but I do feel that we
22 need to share and they need to share a little bit more in
23 the burden that everyone else has really -- that everyone
24 else is feeling and incurring in -- in these budget times.

25 I feel that our commission needs to be fair, I want

1 to be fair. But I do feel that we need to look at a
2 reduction in the -- the per diem. As Chairman Chuck has --
3 has discussed with his research, we should have some
4 jurisdiction over per diems also.

5 So talking to my community, a lot of people, they
6 said zero out the per diems. It's been talked about a lot
7 of times. I know that would be hard to do. We have a lot
8 of young legislative people that, you know, cuts are -- are
9 hard on them. And, you know, we want people to run for
10 these offices. We have good people in office. But, you
11 know, we're in a mess right now.

12 So I think, you know, aside from zeroing out the
13 whole per diem, I would recommend that we have an 18 percent
14 reduction unless we decide to go a little bit more in the --
15 the per diem on the car, and I think that's about \$31 a
16 month I think I figured. So that's what I'm going to add to
17 the motion.

18 Thank you Chairman Chuck.

19 WILLIAM CURTIS: Mr. Chairman, and members of the
20 commission.

21 KATHY SANDS: Yes.

22 WILLIAM CURTIS: Point of order, please.

23 The commission was sent a copy of the ballot measure
24 for Proposition 1F which was overwhelmingly approved by the
25 citizens of the State of California. And in that ballot

1 proposition, and you've got a copy in your package, it
2 specifically states the commission does not have any
3 control over -- this commission does not have any control
4 over the per diem. That's another state agency.

5 KATHY SANDS: Is that right.

6 WILLIAM CURTIS: That's set by statute. So I think
7 to -- my job is to warn the commission when they are about
8 to step afoul of the law and then you can proceed however
9 you wish.

10 KATHY SANDS: Thank you.

11 CHARLES MURRAY: I thank you, Bill.

12 Though -- though we have read that, we have read --
13 most of us have read Prop. 112 in several forums, many, many
14 areas. It is -- we feel that based on the research we've
15 done the per diem would be considered an employee benefit in
16 the public sector. And we -- whether it be a court
17 challenge, whether it be a discussion for the purposes of
18 our meeting today, we would like to include the per diem as
19 what we consider a fringe benefit. Okay.

20 Kathy, if I could start off, can you give us any
21 totals, that is, how much would it save on the budget per
22 month and how much would it save over the six-year period.

23 And just as -- as an aside, we use the six years
24 because -- in the salary side because of another statute,
25 the salary effect -- can't go into effect until a new term.

1 We can't reduce the salaries of anybody midterm. So at the
2 end of the sixth year everybody would have -- have the
3 salary effect for -- for the reduction, that's why we use
4 that number. Okay?

5 KATHY SANDS: Well, so the \$31 a month times -- let's
6 say 120 people is 3,720 a -- let's see, and we have how
7 many -- I don't know, who's -- we have 441 meetings a year.
8 That's what it would be, huh?

9 CHARLES MURRAY: Right.

10 KATHY SANDS: Because in -- let me think here. In
11 2008 there was 447 meetings. In 2008 there was 447
12 meetings. So if I take 31 times 447 equals 13,857.

13 Does that sound right?

14 CHARLES MURRAY: Per?

15 KATHY SANDS: Ruth?

16 RUTH LOPEZ NOVODOR: I'm sorry.

17 KATHY SANDS: Per year. Per year.

18 RUTH LOPEZ NOVODOR: What -- what were you --

19 KATHY SANDS: Were you helping us with some numbers
20 today too?

21 RUTH LOPEZ NOVODOR: I was.

22 KATHY SANDS: Yeah, so --

23 RUTH LOPEZ NOVODOR: I was looking --

24 (Voices speaking over each other).

25 CHARLES MURRAY: But that's on -- on the salary side.

1 KATHY SANDS: I'm sorry, I wasn't prepared to do
2 this.

3 CHARLES MURRAY: The -- well, let me --

4 KATHY SANDS: I'm a -- I mean I'm 40 year retired
5 banker, but I've never been good at numbers.

6 CHARLES MURRAY: Let's -- you're the only one up here
7 with the calculator, so . . . let me --

8 (Voices speaking over each other)

9 RUTH LOPEZ NOVODOR: I have a spreadsheet. What do
10 you need to know?

11 CHARLES MURRAY: Let me -- let me -- let me go --
12 go -- go another way.

13 As I recall by all the stats I've seen, the per diem
14 is around 30 to the \$35,000 a year. Is -- does every --
15 everybody agree on that?

16 KATHY SANDS: Yeah, uh-huh, 35.

17 CHARLES MURRAY: Okay. So -- so if we multiply that
18 times 18, what percent would be -- oh, 5,000 something?

19 KATHY SANDS: Thirty-five times 18 --

20 CHARLES MURRAY: Thousand times 18 percent.

21 KATHY SANDS: -- is 63 -- is 630,000, actually.
22 35,000 times what?

23 CHARLES MURRAY: Eighteen percent.

24 KATHY SANDS: Eighteen percent. Okay. Thirty-five
25 times 18 percent is 6,300.

1 CHARLES MURRAY: Okay. Per -- per legislator.
2 JOHN STITES: Times 120.
3 KATHY SANDS: Yeah. Times --
4 CHARLES MURRAY: Times 120.
5 KATHY SANDS: Okay. And sixty-three oh oh times one
6 two oh equals 75 -- 756,000.
7 CHARLES MURRAY: 756,000 per year.
8 KATHY SANDS: No --
9 JOHN STITES: Times six years.
10 CHARLES MURRAY: Okay.
11 KATHY SANDS: Yeah.
12 CHARLES MURRAY: Times six.
13 KATHY SANDS: Seven hundred fifty-six times six
14 equals 4.5 hundred -- four million five hundred and
15 thirty-six.
16 CHARLES MURRAY: Okay. Let's say four million so
17 I . . .
18 John, could I ask the same calculation on the auto
19 side? Would -- what would the budget savings be on --
20 JOHN STITES: She's got the calculator.
21 CHARLES MURRAY: Okay.
22 KATHY SANDS: Here, do you want --
23 CHARLES MURRAY: Okay.
24 KATHY SANDS: Do you want it?
25 CHARLES MURRAY: Why don't I --

1 JOHN STITES: Go ahead. And I'll figure it out.

2 CHARLES MURRAY: I'll let you do the math, and
3 I'll --

4 Well, the last assignment has been to Ruth, and I've
5 asked Ruth to look at the furloughs on the salary side.
6 That is, the governor has said if there isn't a budget,
7 there will be one more day added to the furloughs for the
8 staff. And we wanted to equate that to how much that is
9 worth and if we have to make an adjustment to the 18 -- 18
10 percent we've already arrived at.

11 Ruth, can I ask you to step in.

12 RUTH LOPEZ NOVODOR: Yes. Yes. First I want to
13 comment on why we went to 18 percent at the last meeting.

14 If you go back in the history of the committee --

15 KATHY SANDS: I think you should pull your microphone
16 closer.

17 RUTH LOPEZ NOVODOR: That might be a good idea.

18 KATHY SANDS: Yeah, good.

19 RUTH LOPEZ NOVODOR: Go back into the history of the
20 commission. In 1995 there was a 7.5 percent increase.
21 Remember, the commission's job is to provide adequate or
22 appropriate compensation for our legislators. And I think
23 that we -- we've -- we understood or we reviewed the
24 documentation sent to us as from 1995 through 2005.

25 In 1995 there was a 7.5 percent increase. In 2000

1 there was a 15 percent increase. And that's the part I was
2 trying to reread, Deborah, because it could have been an
3 additional 7.5 totaling 15 percent. But just for the sake
4 of argument, let's say it was 7.5 percent in 2000. In 2005
5 there was another 12 percent increase.

6 Why were these increases occurring so rapidly? There
7 was an evaluation being done, an equitable compensation
8 across the State of California, which is the purview with
9 the bylaws of this commission.

10 In addition to that, there was a review of
11 compensation across the states. And when we review that,
12 we'll see that we're at about 30 percent higher in
13 compensation for all of our state officials. Well, you may
14 say, well, California is a different state with a different
15 paradigm. That may be true, but the State of California is
16 in dire straits currently. We are not as wealthy a state as
17 we were at that time.

18 Secondly, the agencies that influence -- it certainly
19 didn't come from equitable compensation across the states.
20 Where it came from were agencies that were paying salaries
21 of groups of -- of politicians, if you will, within
22 California that don't have a Citizen's Compensation Board.
23 So they're giving themselves raises. I do not believe this
24 is an appropriate way to evaluate the salary compensation
25 equitability if someone is just giving themselves raises.

1 And that was the point that I raised at that -- at that
2 meeting.

3 In addition to that, we were looking at the fact that
4 the legislators were not taking compensation. As a matter
5 of fact, we were hearing about legislators giving increases
6 to some of their staff. In the meeting prior to that one, I
7 believe it was in 2008, we had a meeting, and I was one of
8 the commissioners that said do not decrease salaries. We
9 need our legislators to focus on the work that they are
10 doing. Let's just keep it the way it is.

11 We're in a different place today. Our state
12 employees are experiencing furlough days. Our citizens are
13 being laid off. We have an unemployment rate of 11.4
14 percent -- six percent, thank you. And we're in a different
15 place.

16 If we look back and see that we've had an increase
17 over the last ten years, yeah, it's been ten years. But of
18 over -- over 30 percent. It would make sense to us at this
19 point to take a look at the true competitive compensation
20 from federal workers to state. And I think the 18 percent
21 is equitable. But let's just out of fairness talk about the
22 furlough rates.

23 That averages -- it's 250 working days a month. That
24 eliminates all the weekends, assuming you just work five
25 days a week. Two hundred fifty working days a year. You

1 take three days for 12 months, and you take that percentage,
2 it's about 4.8 percent per furlough day, about 15 percent
3 decrease in salary.

4 It is only appropriate that the leadership show
5 deference. And I believe 18 percent is a very, very fair
6 decrease in compensation for the legislature.

7 So that's my report, Mr. Chairman.

8 CHARLES MURRAY: I thank you very much.

9 Anybody have anything to add to that? Any
10 discussion? Okay.

11 Let me ask something. There is talk about adding
12 another of the furlough days to the -- the entire staff.

13 Would that -- would that change your -- the basic
14 opinion that eight -- 18 percent is still fair, or would you
15 feel that it should be higher than 18 percent to -- to take
16 into account the added furlough days?

17 RUTH LOPEZ NOVODOR: No, going to speak only from a
18 personal opinion. My personal opinion is the legislators,
19 if they're going to have to impose a change on the
20 employees, should take it automatically without this
21 commission's instructions.

22 So, yes, my answer is it should be at a minimum
23 equivalent to the first furlough ratio of compensation --

24 CHARLES MURRAY: Okay.

25 RUTH LOPEZ NOVODOR: -- if not a little higher.

1 CHARLES MURRAY: And -- and the first ratio is what
2 for the record?

3 RUTH LOPEZ NOVODOR: It's 4.8 percent per day. So if
4 you bring that up, it would be 20 percent.

5 CHARLES MURRAY: Okay. So every -- just for the
6 clarification, one of the furlough days is equal to a 4.8
7 percent cut in -- in the employee's salary? Okay, just --
8 just so we have that --

9 RUTH LOPEZ NOVODOR: That's correct.

10 CHARLES MURRAY: -- on the record.

11 KATHY SANDS: So -- so one furlough day equals what?

12 CHARLES MURRAY: Four point eight percent of the
13 salary.

14 KATHY SANDS: Yeah. Yeah. Because we had talked
15 about two days was nine percent --

16 CHARLES MURRAY: Right.

17 KATHY SANDS: -- three days is about 15 percent.

18 CHARLES MURRAY: Right.

19 RUTH LOPEZ NOVODOR: It's just under 15 percent. I
20 mean 4.8.

21 KATHY SANDS: Yeah. Yeah.

22 CHARLES MURRAY: Okay. So --

23 RUTH LOPEZ NOVODOR: So about 19.5 percent maybe.

24 CHARLES MURRAY: Okay.

25 RUTH LOPEZ NOVODOR: Although I'm not the math guru

1 here.

2 CHARLES MURRAY: Based on -- on -- on what you said I
3 would like to -- like to open the question should we
4 increase our reduction of 18 percent to the 22.8 percent if
5 the additional furlough day is put in place?

6 And, I'll -- I'll start with you, Ruth.

7 RUTH LOPEZ NOVODOR: I must be deaf in this ear. I
8 didn't hear your question.

9 CHARLES MURRAY: Okay. To restate it, would --
10 I would -- I would like to ask our opinion straight across
11 the board. As of now, everybody that reports on the
12 benefits, the auto, the per diem has gone along with our
13 salary reduction of the last couple of meetings. Eighteen
14 percent across the board now with -- and part of that is
15 based on the employees' -- the salary reduction because
16 of -- of a furlough day -- actually, two furlough days.

17 If a third day is added, should we increase the 18
18 percent to the equivalent, which by my math without a
19 calculator, the 22.8 percent? Would you feel that would be
20 adequate? Should we keep it at 18, should we --
21 something --

22 RUTH LOPEZ NOVODOR: If we were only addressing
23 salaries and none of the other issues, I'd say absolutely.
24 I do have some deference to if we're going across the board
25 with all issues, 18 percent I am comfortable with. That's

1 my --

2 CHARLES MURRAY: For all the non-salary issues?

3 RUTH LOPEZ NOVODOR: As long as all of this is
4 included, including fringe benefits.

5 CHARLES MURRAY: At -- at what level? Eighteen
6 percent?

7 RUTH LOPEZ NOVODOR: Eighteen percent.

8 CHARLES MURRAY: Okay. Scott.

9 SCOTT SOMERS: I have a comment, yes.

10 I -- I think we have to be careful about linking
11 decisions that the elected officials have to make about
12 reducing costs in the state and tying that to their own
13 compensation. I think they need the independence to be able
14 to make tough decisions. And even though this governor may
15 not be -- may not be taking direct compensation, you have to
16 assume that elected officials generally are going to be
17 taking compensation, and rightfully they should.

18 And I would -- I would prefer to avoid the idea that
19 if they're making tough decisions about holding down costs
20 in the state that it automatically affect their
21 compensation. I think that's generally not a good idea from
22 a linkage perspective because they would -- might be less
23 inclined to make some of the very serious cuts that are
24 actually needed in the state.

25 So I -- I -- I understand the argument, Ruth, but

1 I -- I think we came up with 18 percent as a good number
2 based on their compensation, and -- and I would like to see
3 us avoid the link directly to what decisions they might make
4 about other peoples' compensation.

5 CHARLES MURRAY: Okay, thank you.

6 RUTH LOPEZ NOVODOR: May I respond?

7 CHARLES MURRAY: Certainly.

8 RUTH LOPEZ NOVODOR: There still is the overall
9 budget crisis. And I understand your position on that, and
10 I respect it. But if the individual that -- whether it's
11 the salary compensation or any other kind of budget, I think
12 there needs to be a fair share of sharing in that as we move
13 forward for the legislative perspective.

14 CHARLES MURRAY: Okay. I thank you very much.

15 Any comments, Kathy?

16 KATHY SANDS: I -- I would support the 18 percent on
17 each item. That's where I'm at.

18 CHARLES MURRAY: Oh, to include salaries?

19 KATHY SANDS: What?

20 CHARLES MURRAY: To include the salaries?

21 KATHY SANDS: To include -- yeah, the salaries, the
22 benefits, the per diem and the car.

23 CHARLES MURRAY: Okay.

24 KATHY SANDS: Yes.

25 CHARLES MURRAY: John.

1 JOHN STITES: I'll concur. I think we hold at 18
2 percent across the board.

3 CHARLES MURRAY: Okay.

4 SCOTT SOMERS: Mr. Chairman, can I make one other
5 comment?

6 CHARLES MURRAY: Certainly. Scott.

7 SCOTT SOMERS: I was addressing that issue. The one
8 other that I would just like to raise, and -- and frankly, I
9 don't feel strongly about it. But I do feel very strongly
10 about supporting the reductions that we have made in salary,
11 in -- in car allowance and in benefits because those,
12 indeed, are compensation. And all of those categories
13 ultimately are compensation, and we are responsible for
14 those.

15 Per diem is a compensation. I feel a little
16 differently about per diem, and I guess I just want to make
17 sure that because per diem is also the reimbursement of an
18 expense. And I think we also just want to make sure -- and,
19 Kathy, I guess this is just a question to you, you know,
20 that are we comfortable that we really understand the
21 expense structure well enough to justify an 18 percent
22 reduction? I might lean -- in that one I might lean a
23 little bit less than 18 percent.

24 KATHY SANDS: Mm-hmm. Okay, well --

25 RUTH LOPEZ NOVODOR: Can I ask a question?

1 KATHY SANDS: Yeah, go ahead, Ruth.

2 RUTH LOPEZ NOVODOR: Is -- is the per diem as you
3 know it reimbursable expenses, defined as reimbursable
4 expenses?

5 CHAIRMAN MURRAY: As -- as --

6 RUTH LOPEZ NOVODOR: It's a cost relative to
7 meetings, correct?

8 CHARLES MURRAY: As far as I know -- and step in if
9 I'm -- I'm wrong, but as far as I know, the legislator comes
10 in, he signs in, and that's authorization to be paid the
11 \$173. That's it.

12 KATHY SANDS: Yeah, they --

13 SCOTT SOMERS: Is that correct?

14 KATHY SANDS: Yeah, and -- and that's what I had
15 said. There's no travel expense forms. They don't have to
16 verify anything. They just get it per the Constitution.

17 So it's supposed to be for their lodging, their
18 meals, and -- and, you know, some of the legislative people
19 have second residences here if they choose. But, you know,
20 I guess I looked at it and in talking to people that I
21 know -- you know, you can get a hotel room for 50 or \$60 and
22 a \$20 dinner and a \$10 breakfast and lunch. I mean it
23 doesn't add up to \$173.

24 So I guess I'm -- oh, yeah, I'm talking to you, John,
25 not Ruth.

1 But I guess that's the way I look at it. I think
2 70 -- \$173 is a lot.

3 SCOTT SOMERS: I'd be interested, if I may, an
4 opinion from counsel on this as to whether there's a general
5 interpretation of the use of per diem expense, per diem
6 money.

7 WILLIAM CURTIS: I have no idea.

8 KATHY SANDS: Well, you know, we got a letter from --
9 you know, I guess if you wanted, we -- what was her name?
10 Diane Boyer-Vine (phonetic), legislative counsel, we got a
11 letter from her.

12 And she said that -- oh, where did she say that? She
13 didn't feel that the session -- session per diem rate, it
14 can't be characterized as excessive.

15 I mean did you guys read that letter from her?

16 CHARLES MURRAY: Yes, I have it right here.

17 KATHY SANDS: I mean she -- she really said that.
18 But -- I don't know.

19 CHARLES MURRAY: If -- if -- if I could add --

20 KATHY SANDS: That's her legal counsel. That's
21 her -- that's her -- anyway.

22 CHARLES MURRAY: If I could add a point, we are all
23 in the public sector. Everybody up here is -- I mean we are
24 the citizens of the State of California, we all have our own
25 jobs, we all work with other people on a day-to-day basis,

1 we all draw from our past experience. Let me -- let me
2 share with you my past experience.

3 We had the opportunity, and we wanted to provide a
4 service to GM -- actually GMAC which is oh -- oh, the
5 financing arm of GM. And I spent a lot of time personally
6 going back -- back to Detroit and meeting with them and
7 meeting with the people, so on. And, oh, aside of the ghost
8 town that Detroit was then and is probably more so now, the
9 union was having a problem and going to do a walkout and a
10 strike. And I said, gee, you know, if they do this soon,
11 they'll be making more than you. And they said, oh, no, no,
12 no. We have a management agreement. Whatever, oh, percent
13 increase the union gets, white collar workers get the same.

14 And why I bring that up is, one, no accountability.
15 That is, they don't care if the union gets more money or
16 not, they'd rather have them get more money because it gives
17 them more money.

18 I think we have the same problem here in going
19 through the research on this. The per diem is established
20 by looking at the federal government, how much do they pay.
21 And there's no accountability back to whoever is -- is doing
22 the calculation of the per diem, and what is paid is that
23 they're referring to the federal government. And whatever
24 they pay, someone that's in the State of California on
25 assignment, that's what -- what the state is going to use as

1 a -- as a benchmark.

2 Is it beyond our scope? Yes. Is it -- can -- can we
3 suddenly jump in and say the per diem should be X, Y or Z?
4 No. But I just want to bring this up. This is who's up
5 here. The -- the people that are on the commission making
6 the decisions work in this environment day in and day out.
7 And just to have a third party decide what's going to be
8 paid on the per diem, oh, the basis, even though we don't
9 have a say in it, is wrong.

10 Any other comments?

11 SCOTT SOMERS: May I make one comment on --

12 CHARLES MURRAY: Certainly.

13 SCOTT SOMERS: And again, it just sort of builds
14 on -- and -- and you all may feel differently about this.
15 But I would be more comfortable on the per diem side
16 lowering that from 18 to 12. And so that would be my
17 recommendation. And I -- I'd like to suggest a vote on that
18 if --

19 CHARLES MURRAY: Okay.

20 SCOTT SOMERS: -- if we might. If you all feel
21 differently about it, so be it. But that would be my
22 recommendation.

23 CHARLES MURRAY: Okay.

24 KATHY SANDS: Ruth has a comment.

25 RUTH LOPEZ NOVODOR: Yeah.

1 CHARLES MURRAY: Ruth.

2 RUTH LOPEZ NOVODOR: I have a question, Mr. Chairman.

3 CHARLES MURRAY: Sure.

4 RUTH LOPEZ NOVODOR: For me, the bigger issue is that
5 it's not accountable, there's no documentation for
6 reimbursement, it's just a straight per diem. That's not in
7 our purview either?

8 CHARLES MURRAY: Right.

9 RUTH LOPEZ NOVODOR: Correct. Okay. That was the
10 question.

11 CHARLES MURRAY: Right. That -- that it is -- we --
12 we are here honestly to do our part to help to save the
13 State of California. We are on the verge -- verge of
14 bankruptcy, which we learned last night we can't go into
15 bankruptcy, it's against the law. But -- oh, but there are
16 other issues.

17 I mean the -- oh, the panel we have up here is really
18 suffering on a day-to-day basis what the results of -- of
19 the deficit of the budget are. We -- we have on our
20 commission up here, we have a sheriff. And he's looking
21 forward to going out to people that he knows, people that he
22 trained and has to lay them off because they don't have
23 enough money. He's seeing the services being cut because
24 the state doesn't have the money.

25 We have an ex-mayor of a major city saying a city she

1 grew and developed, seeing have it -- having to cut back on
2 the fire department, having to cut back on the schooling,
3 having to see repairs that should have been made not made.

4 We have a person that is the president of -- of a
5 firm that does -- that does the medical imaging, and she's
6 seeing hundreds and hundreds of people not coming in for the
7 medical imaging, which is a greatest preventative measure
8 for the breast cancer, but they're avoiding going in because
9 they're out of work, they don't have insurance.

10 We're up here, we know what's going on. We live it
11 on a day-to-day basis. So this isn't just a broad brush
12 we're doing. We have to do something about the budget. And
13 this is what we're doing.

14 Any other comments?

15 KATHY SANDS: Thank you very much, Chuck. Very
16 nicely said.

17 CHARLES MURRAY: Okay. What I'd like --

18 KATHY SANDS: I ask to be -- the 18 percent --

19 CHARLES MURRAY: Go ahead.

20 KATHY SANDS: You know, I -- I really feel that the
21 \$173 really isn't justifiable, it isn't -- there's no
22 accountability for it. I really want to stick with the 18
23 percent. That's how I feel.

24 CHARLES MURRAY: Okay.

25 KATHY SANDS: Maybe other commissioners don't, but

1 that's the way I feel.

2 CHARLES MURRAY: Okay.

3 KATHY SANDS: And -- and I'm not going to be hurt if
4 somebody wants to -- is -- if we change it. I'm not that
5 way.

6 CHARLES MURRAY: Okay.

7 Okay, there -- there was -- was a discussion that --
8 and I -- I -- excuse me, really defer to Bill Curtis.

9 Yes? We have a speaker.

10 KATHY SANDS: Good. Good.

11 KOREEN MARTONE: Yes. Koreen Martone, Department of
12 Finance.

13 If it helps at all in your analysis, state employees
14 get about \$124 a day that they can apply to get reimbursed
15 to them. It's roughly \$84 for hotels, \$6 for breakfast, \$10
16 for lunch, \$18 for dinner and \$6 for incidentals. And
17 that's in the -- in Sacramento.

18 KATHY SANDS: Now that was state employees.

19 How much was it total?

20 KOREEN MARTONE: Approximately 124.

21 KATHY SANDS: One twenty-four. Okay, thank you.

22 CHARLES MURRAY: Okay, wait, wait, wait. Don't --
23 don't get off that easy.

24 The -- so you're -- you're saying in another way, and
25 not to get you in trouble, but for what the legislators get,

1 173, the state employees get 124?

2 KOREEN MARTONE: In Sacramento. There are different
3 rates in different counties.

4 CHARLES MURRAY: Well, I mean the -- I think the per
5 diem applies to Sacramento.

6 KOREEN MARTONE: It's comparable, yeah.

7 CHARLES MURRAY: Right.

8 KOREEN MARTONE: Yeah.

9 CHARLES MURRAY: Okay. So -- so is -- is my
10 assumption right --

11 KOREEN MARTONE: Mm-hmm.

12 CHARLES MURRAY: -- that the state employees -- so
13 it's assuming the senators get a better room, better dinners
14 or better wine or whatever.

15 KATHY SANDS: And the federal employees get 173?

16 KOREEN MARTONE: I'm not familiar with what federal
17 employees --

18 CHARLES MURRAY: Yeah.

19 KATHY SANDS: Well, that's what we've heard.

20 KOREEN MARTONE: I apologize.

21 CHARLES MURRAY: Oh, thank you for the input.

22 KOREEN MARTONE: You're welcome.

23 KATHY SANDS: Did you have a question, though, John?
24 Did you --

25 JOHN STITES: Oh, I was -- we're talking like Los

1 Angeles County, San Diego County there'd be an increased
2 rate. That's generally where I see it happening.

3 KOREEN MARTONE: Usually for hotels, yes.

4 JOHN STITES: Does that also include our legislators
5 and constitutional officers when down there? Because the
6 173 applies apparently to Sacramento, because that's where
7 the -- now, if they go to Los Angeles County, say, they had
8 a meeting or something down there, and -- or they also went
9 to San Diego County, is -- do they see an increase as would,
10 perhaps, a --

11 KOREEN MARTONE: I'm not familiar with that. I don't
12 know.

13 JOHN STITES: Okay.

14 KOREEN MARTONE: Maybe Bill Curtis can more
15 appropriately answer my question.

16 WILLIAM CURTIS: Don't know.

17 KOREEN MARTONE: No, okay.

18 JOHN STITES: It's pretty complicated, isn't it?

19 KOREEN MARTONE: It is, yes.

20 JOHN STITES: Yeah. I like that.

21 CHARLES MURRAY: Great.

22 KOREEN MARTONE: Thank you.

23 CHARLES MURRAY: I thank you again. We appreciate
24 the input.

25 I will defer now to -- to counsel. There was a

1 question whether we could have one resolution or more than
2 one, or -- of the resolutions we've talked. And I -- I got
3 an opinion from you saying it's one, and then we heard last
4 night in reviewing 1F, the letter one was crossed out.

5 So do we have to do -- have to withdraw our old
6 resolution and make a new one, or can we make more than one
7 resolution?

8 WILLIAM CURTIS: You've got about three questions
9 there.

10 And you can make as many resolutions as you need to
11 make because they struck under Proposition 1F a single
12 resolution.

13 CHARLES MURRAY: Okay.

14 WILLIAM CURTIS: You've already adopted one
15 resolution. It needs to be signed, but it is in -- in
16 effect right now because it's been adopted and voted on by
17 the board. You may now vote. You can make a resolution for
18 each benefit or none, or you can include -- you can still
19 have a single resolution, but that would require you rescind
20 your old resolution and modify it. So however you choose --
21 the board chooses to follow Proposition 1F is up to you.

22 CHARLES MURRAY: Okay. Okay. We -- we have been --
23 before we formulate the resolution, I just want to make a
24 statement. We -- we have been very critical of the system,
25 very critical of the per diem, very critical of the auto.

1 And this doesn't mean that the -- the officers and elected
2 officials under our control aren't working as hard as they
3 can.

4 RUTH LOPEZ NOVODOR: That's right. That's right.

5 CHARLES MURRAY: And I would just like to take this
6 time to -- oh, to commend Speaker Bass who sent us a letter
7 about a -- a week after our last meeting adjourned saying
8 she was voluntarily taking the money we allocated for an 18
9 percent pay cut on salaries out of the budget and returning
10 it back to the General Fund. And I -- I applaud her for
11 this.

12 Unfortunately, the -- the senate pro tem has gone the
13 other way and encourage every of the senate -- every one of
14 the senators to do it on their own. Just a different style.

15 But, you know, nothing we said is the punitive, we're
16 trying to get back. We know they're working as hard as they
17 can, and we know they're working in -- in the midnight
18 hours. But we -- they're in a catch 22 because they don't
19 control the benefits. And as far as our interpretation,
20 they don't control the fringe benefits.

21 Speaker Bass in an article she just had in the L.A.
22 Times last week said only ten percent of the monies is
23 actually controlled by the legislature. You know, all -- 90
24 percent of the income is -- is already allocated. So it's a
25 tough job. It's a tough business to run. And what we're

1 trying to do is help to do our share in what is under our
2 control to reduce the budget.

3 So having said that, I will keep the old resolution
4 in place for the 18 percent in salary reduction. As far as
5 the benefits are concerned, what I'd like to do is a round
6 robin because my memory isn't that good. I would like to
7 have someone offer a resolution starting with the auto,
8 then, Scott, if you could add to the -- add to the
9 resolution on insurance, and then -- then if you could,
10 Kathy, add to the resolution on the modifications for --

11 KATHY SANDS: The per diem.

12 CHARLES MURRAY: -- for the per diem, then we'll vote
13 on it.

14 SCOTT SOMERS: You want to vote together or
15 separately?

16 CHARLES MURRAY: All together. But I want the
17 resolution to be combined with everybody.

18 SCOTT SOMERS: All right.

19 CHARLES MURRAY: Okay.

20 KATHY SANDS: Okay.

21 CHARLES MURRAY: So I'll -- I'll let you start off,
22 John.

23 JOHN STITES: Okay. All right, as part of the motion
24 I would motion that we have an 18 percent reduction in the
25 car allowance provided to Constitutional and legislative

1 officers, and again the Constitutional issue is still up in
2 the air. And I -- an 18 percent reduction in what is
3 allowed to them currently by their respective offices.

4 CHARLES MURRAY: Okay.

5 KATHY SANDS: Okay.

6 CHARLES MURRAY: And then --

7 KATHY SANDS: Scott.

8 CHARLES MURRAY: Scott.

9 SCOTT SOMERS: With regard to benefit categories, for
10 legislative and constitutional officers as they apply
11 including health, dental, vision, long-term disability, life
12 insurance, the Employee Assistance Program, legal services,
13 flexible benefits, long-term care, deferred compensation,
14 optional benefits and pension benefits for constitutional
15 officers only, I make a motion to decrease state funding
16 contributions to each category now receiving state funding
17 by the amount of 18 percent. For all other benefit
18 categories not now receiving state funding this motion
19 includes making no change.

20 CHARLES MURRAY: And.

21 KATHY SANDS: And I'll add the per diem, just a flat
22 18 percent reduction in the per diem, the \$173 per diem
23 would be -- I would recommend the 18 percent reduction.

24 CHARLES MURRAY: Okay. Anything to add or . . .

25 RUTH LOPEZ NOVODOR: No.

1 CHARLES MURRAY: You're good?

2 RUTH LOPEZ NOVODOR: Nothing to add.

3 CHARLES MURRAY: Okay. I would like to add to -- to
4 put a starting date on -- on -- on the motion. We would
5 like the effective date of the motion to be 12-1 of this
6 year, unlike the salary. The salary, we're under an old law
7 that's on the books saying we can't reduce any salaries
8 midterm. This in the legal opinions we received does not
9 apply, oh, to the benefits. So our reduction of the
10 benefits will go in effect as of 12-1 of this year.

11 Could I call the vote.

12 SCOTT SOMERS: I have one other comment.

13 CHARLES MURRAY: Sir.

14 SCOTT SOMERS: Based on my understanding -- greater
15 understanding of -- of -- of the costs in Sacramento, I
16 withdraw my suggestion or motion to reduce it from 18 to 12
17 and support the 18 percent reduction in the per diem.

18 CHARLES MURRAY: Okay. Great.

19 RUTH LOPEZ NOVODOR: Thank you.

20 CHARLES MURRAY: I'm going to call the motion.

21 All in favor say aye.

22 KATHY SANDS: Do we have a second?

23 JOHN STITES: Yeah, we need a second.

24 RUTH LOPEZ NOVODOR: I second it.

25 CHARLES MURRAY: Second -- you seconded it.

1 KATHY SANDS: Yeah, because we had a motion --
2 (Voices speaking over each other).

3 CHARLES MURRAY: Okay, sorry. Good catch. Good
4 catch.

5 All in favor say aye.

6 (Multiple voices saying aye)

7 CHARLES MURRAY: All opposed.

8 It is so passed.

9 I think that concludes it. Thank you for your
10 time --

11 SCOTT SOMERS: Could I -- excuse me, Mr. Chairman.

12 CHARLES MURRAY: Okay.

13 SCOTT SOMERS: I have one other -- if I might submit
14 this as a motion.

15 CHARLES MURRAY: Sure, okay.

16 SCOTT SOMERS: And since -- particularly since we can
17 have multiple motions now.

18 Again, I really want to -- to thank Debbie and -- and
19 the work that we've -- and support on the benefits
20 discussion.

21 However, this commission really hasn't looked hard at
22 benefits in years past is my understanding. And we need to
23 look harder at that and, frankly, have more information
24 about that to -- to make even better, more informed
25 decisions.

1 Therefore, I would like to make a motion to ask the
2 state to provide a -- a greater degree of history of
3 benefits and comparative benefits to this committee by
4 February 1, 2010. This should include history of benefits
5 offered by the state since 1990, the creation of this
6 commission, and comparison to benefits offered by other
7 government bodies, for-profit and not-for-profit
8 organizations in California and other large states.

9 KATHY SANDS: Good. I'll second

10 CHARLES MURRAY: Do I hear a second?

11 KATHY SANDS: Second.

12 JOHN STITES: Second.

13 CHARLES MURRAY: All in favor?

14 (Multiple voices saying aye).

15 CHARLES MURRAY: Opposed?

16 It is so passed.

17 RUTH LOPEZ NOVODOR: Thank you.

18 KATHY SANDS: Good. Thank you, John.

19 CHARLES MURRAY: Okay, are --

20 RUTH LOPEZ NOVODOR: Scott, sorry.

21 CHARLES MURRAY: Just -- just to -- oh, to include
22 you --

23 JOHN STITES: The money -- the money savings --

24 CHARLES MURRAY: You -- you were going to
25 calculate --

1 JOHN STITES: Not -- not a substantial savings on the
2 vehicle issue, because it's about \$72 for the -- for the
3 assembly and 63 for the other, which totals out about
4 eighty-two eighty a year. And over six years forty-nine six
5 eighty. But we can use that someplace else.

6 CHARLES MURRAY: Yeah, okay. Okay.

7 Just a recap, the savings we have to help on -- on
8 the budgetary process, \$82,000 on the auto, 475 on the
9 benefits -- 475,000 on the benefits, seven sixty-five on the
10 per diem which adds a total of in excess of a million to
11 over the six-year -- six-year summary. We're looking at
12 maybe a savings of around seven to -- to -- to \$8 million.

13 Is that correct? Anybody with a calculator can check
14 my math. But -- but --

15 KATHY SANDS: Well, you've added it all up there.

16 CHARLES MURRAY: Okay.

17 KATHY SANDS: Mine actually --

18 SCOTT SOMERS: You added -- you included salary
19 reductions in there?

20 CHARLES MURRAY: No.

21 KATHY SANDS: No.

22 CHARLES MURRAY: No, that -- that is just the
23 benefit. The salary reduction, that's a good point, is an
24 additional million four, I believe.

25 SCOTT SOMERS: I think that's -- a year.

1 CHARLES MURRAY: A year. A year.

2 SCOTT SOMERS: So that's another --

3 CHARLES MURRAY: So over the six years that's another
4 seven.

5 SCOTT SOMERS: \$8 million.

6 CHARLES MURRAY: Okay, so --

7 KATHY SANDS: Eight million in six years?

8 JOHN STITES: In salaries.

9 KATHY SANDS: Yeah.

10 CHARLES MURRAY: Okay, so we're -- oh, the savings we
11 have come up with, or the lack of expenses we've come up
12 with over the six-year period will be in excess of \$15
13 million. And I would like to commend the commission for a
14 lot of hard work, a lot of time in doing the research on
15 this. This is the very last day we could have made any
16 resolution that would have any effect. And I, for one, and
17 I'm sure the people of the State of California do thank you
18 very much. I call for a motion for adjournment.

19 SCOTT SOMERS: So moved.

20 CHARLES MURRAY: Second.

21 RUTH LOPEZ NOVODOR: I think he wanted to say
22 something.

23 CHARLES MURRAY: Oh, John. Sorry.

24 JOHN STITES: We've -- we've examined some issues
25 that -- which may -- well, per diem issue.

1 What will be our position should they say that's not
2 within your purview, the commission?

3 CHARLES MURRAY: We've -- we've approached that
4 with chief legal counsel, Diane Boyer, and we've asked what
5 occurs. And if -- we've been told if -- if it is disputed,
6 our action will be referred to speaker of the house and the
7 senate pro tem, and they will determine what action they
8 take from there. They can either accept it, they can fight
9 it, they can ask the legal counsel to fight it, whatever.
10 It's -- it's -- it's -- the ball's in their court.

11 JOHN STITES: Okay, thank you.

12 CHARLES MURRAY: Okay. I need a second for
13 adjournment.

14 KATHY SANDS: You know, I wanted to make a -- a
15 comment.

16 CHARLES MURRAY: Maybe not.

17 KATHY SANDS: Yeah. Just -- just for a second. I
18 wanted to have closing.

19 I -- I want to thank all the staff and -- and
20 everyone for all their support and the information we
21 received. We got it in -- quite timely. We appreciate
22 that, because it may -- we needed it for our comparisons and
23 so forth.

24 And also, last year and a couple of years ago, you
25 know, we -- I guess our last meeting and last year, I asked

1 the elected to voluntarily take the pay reductions, and a
2 number of them have, including Senator Maldonado and Alan
3 Lowenthal. They took an 18 percent pay reduction right
4 away. And I wanted to just thank them for that personally
5 on behalf of the Commission. I asked them to voluntarily
6 step up to the plate. I felt if I was an elected, I would
7 certainly voluntarily do it.

8 So those two have taken the 18 percent. And a number
9 of the assembly have taken -- and the senators. I think 30
10 out of 40 senators took a pay reduction. Of course,
11 Steinberg supported that.

12 But, anyway, I wanted to make that public and thank
13 them for their willingness to really sacrifice during
14 this -- this time of timely fiscal hardship.

15 And thank you much -- very much, Chairman for running
16 an excellent meeting.

17 CHARLES MURRAY: Thank you.

18 KATHY SANDS: I think we certainly had a very
19 productive meeting today. Thank you.

20 CHARLES MURRAY: Challenging times.

21 KATHY SANDS: Yes.

22 CHARLES MURRAY: I -- I thank you very much.

23 Any other comments anybody would like to make?

24 KATHY SANDS: And I'll second the motion to close.

25 CHARLES MURRAY: All in favor.

1 (Multiple voices saying aye).

2 CHARLES MURRAY: It's a wrap. Thank you very much
3 for your time.

4 KATHY SANDS: It's a wrap all right.

5 (End of recording).

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1 CERTIFICATE OF CERTIFIED SHORTHAND REPORTER

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